



General Assembly

Distr.
GENERAL

A/52/7/Add.9
17 February 1998

ORIGINAL: ENGLISH

Fifty-second session
Agenda item 116

PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1998-1999

United Nations International Partnership Trust Fund

Tenth report of the Advisory Committee on Administrative
and Budgetary Questions

The Advisory Committee wishes to draw the attention of the General Assembly to an exchange of correspondence with the Secretary-General on the subject of the United Nations International Partnership Trust Fund.



Exchange of correspondence concerning the United Nations
International Partnership Trust Fund

A. Letter dated 30 January 1998 from the Secretary-General to
the Chairman of the Advisory Committee on Administrative
and Budgetary Questions

On 18 September 1997, Mr. Robert Edward Turner III (Ted Turner), Co-Chairman of Time Warner Inc., announced his intention to make a generous and historic gift in support of United Nations causes. Mr. Turner's planned gift will not exceed 18 million shares of Time Warner stock, which on the date of announcement had a value of \$1 billion. From this stock, Mr. Turner intends to make 10 annual gifts valued at approximately \$100 million each or cash totalling the same amount, up to \$1 billion.

The gift will be drawn upon to assist and support the United Nations in achieving the goals and objectives of the Charter of the United Nations through programmes and projects the United Nations will undertake. As such, it will represent a new and additional financial resource that will supplement the regular, assessed or voluntarily funded programmes of the United Nations. In particular, projects of a humanitarian, developmental and environmental nature will be funded. Funding contributions will be made through the United Nations Foundation Inc., a public charity that had been established by Mr. Turner. It should be noted that Mr. Turner has advised me that he intends to use his good offices to mobilize contributions from other prospective donors.

In considering the necessary operational mechanism to be established by the United Nations, I have been keen to ensure that a coordinated approach be systematically employed. It would be unhelpful to the Foundation and inconsistent with my reform initiatives if United Nations funds and programmes were to compete in an uncoordinated fashion for funding from the Foundation. Accordingly, in order to provide essential coordination and programming mechanisms and to facilitate the solicitation, review and analysis, organization, execution, monitoring and reporting arrangements of projects, I plan to establish a trust fund - the United Nations International Partnership Trust Fund - to coordinate, channel and monitor contributions. The conceptual arrangement that has been reached between the Foundation and the United Nations is contained in a concept paper, which I am pleased to make available for your information (see annex).

Programme direction for the United Nations International Partnership Trust Fund will be based on the scope and nature of the work and projects carried out by the United Nations. The Trust Fund will seek to ensure that projects to be funded are in conformity with the goals and objectives of the Agenda for Development and recent United Nations global conferences and take full account of programming mechanisms such as national development plans and priorities, country strategy notes and the United Nations development assistance frameworks. The Foundation will indicate the range of interests it wishes to fund, which will form the basis for project proposals.

An advisory board composed of United Nations officials and eminent personalities will be established for the review of prospective proposals. The criteria to be applied will include the intergovernmental guidelines that I referred to above. Having received the advice of the advisory board, I will decide on the projects to be recommended to the Foundation for consideration.

The Trust Fund will be responsible for the central administrative costs relating to the coordination and programming functions, while individual projects will contain project support costs. The former costs are estimated at approximately 1 per cent of the contributions. The staffing will consist of an Executive Director, which is proposed at the Assistant Secretary-General level, one Director-level official, six Professionals and five General Service.

The Executive Director will interface on a regular basis with the President of the United Nations Foundation Inc., executive heads of United Nations funds and programmes, specialized agencies and heads of departments in the Secretariat. The Executive Director will have full responsibility for the overall programmatic review and thematic analysis of project proposals; the submission of those proposals to the Foundation for funding; and follow-up in implementation, monitoring and performance reporting. In view of this wide span of responsibilities and the importance of this new and innovative arrangement for the United Nations, I believe it is essential that the post of Executive Director should be at a level no less than that of Assistant Secretary-General. This official will report directly to me.

The United Nations Foundation Inc. has now been formally established and is awaiting submission by the United Nations of project proposals for funding. It is important, therefore, that the Trust Fund be formally established and the supporting staff structure put in place at the earliest possible date. Consequently, in preparation for start-up of the new arrangements and the establishment of the Trust Fund, the concurrence of the Advisory Committee on Administrative and Budgetary Questions is being sought for the post at the Assistant Secretary-General level.

Bearing in mind the expected size of the contributions and the potential for additional funding, I plan to apprise you on a regular basis of progress in establishing and operating the United Nations International Partnership Trust Fund. In addition, I envisage that arrangements will be made to provide Member States with information on the work of the Trust Fund on a regular basis.

(Signed) Kofi A. ANNAN

ANNEX

Concept paper

Gift of Mr. Turner

Preamble

1. The present paper sets out suggested arrangements for programming the planned gift over a 10-year period. This contribution will be funded through various public and private charities. It is anticipated that funding will be through the United Nations Foundation Inc., a public charity, and, if desired, the United Nations Fund Inc., a private foundation (hereinafter, jointly, the "Foundations"), and other public and private charitable entities.

Goals and objectives of the gift

2. The overall goals and objectives of the Foundations and other charitable organizations that may be utilized are to assist and support the United Nations in achieving the goals and objectives of the Charter of the United Nations through programmes and projects it undertakes or mandates. Resources received from such entities will supplement the regular, assessed or voluntarily funded programmes of the United Nations. The intention of the Foundations' and other charitable organizations' assistance programme is to make tangible contributions by funding innovative, forward-thinking and proactive projects for charitable purposes.

3. It is understood that contributions may also be made by other public and private charitable entities directly to non-governmental organizations or entities outside the United Nations system, whose activities generally conform to the overall goals and objectives of the United Nations. Due care will be taken to avoid confusion in the minds of contributors between activities of other charitable entities and the Foundations.

Initial outline for dealing with the United Nations
International Partnership Trust Fund

Facilitating arrangements by the United Nations

4. To provide a central mechanism to facilitate the organization, execution and reporting mechanism for projects funded by the Foundations, the proposed contributions would be channelled through the United Nations International Partnership Trust Fund (hereinafter, the "Trust Fund") to be established by the Secretary-General and for which he will serve as Chief Executive Officer.

5. It is understood that reasonable identified administrative costs of the Trust Fund will be reimbursed by the Foundations, which the United Nations agrees will not exceed 1 per cent of the amounts channelled through the Trust Fund without approval of the Foundations. The Trust Fund will provide a central administrative vehicle for the identification and selection of projects and

activities, receipt and distribution of funds for such projects and activities, and the monitoring and reporting on the use of such funds. The mechanism will bring together project funding opportunities from the complex and diverse United Nations family, in accordance with the goals and objectives of the Foundations.

6. The proposed mechanism must continue to ensure the formulation of a coherent programme for the activities to be funded by the Foundations, in line with their formulated strategic objectives. The Trust Fund will provide greater unity of focus, reporting and streamlining of efforts and agility in responding to the pressing needs of the international community. The proposed mechanism would also give to the United Nations the opportunity to coordinate efficiently with other separate international organizations. The United Nations cooperates extensively not only with United Nations specialized agencies who often participate in programmes and projects as executing partners, but also with other international and national non-governmental organizations.

Programme direction for the Trust Fund

7. Programme direction for the Trust Fund will be determined in the following manner:

(a) The Foundations will be briefed by the Secretary-General on the range of charitable opportunities. This will initially focus on the priority interests indicated by the Foundations and will be illustrative of the scope and nature of the work and projects carried out by United Nations departments and its funds and programmes;

(b) The President of the Foundations may supplement the Secretary-General's briefing with field visits to United Nations components to gain first-hand knowledge of needs and capabilities. The Foundations will prepare a strategy document indicating the range of interests the Foundations wish to fund. This strategy document would form the initial basis of subsequent consideration of project submissions, with the understanding that both the Foundations and/or the Trust Fund may identify new projects and activities at any time, based upon new developments.

Project identification by the Trust Fund

8. With the strategy established by the Foundations, the Secretary-General will invite project submissions from United Nations departments, funds and programmes and/or implementing partners (including specialized agencies of the United Nations system and non-governmental organizations) to respond to the programme priorities identified by the Foundations.

9. A review and evaluation of all proposals received will take place, usually on a quarterly basis. Based on this assessment, a consolidated project planning document of all proposed projects will be prepared for the Secretary-General, who will determine the appropriateness of the projects to be proposed to the Foundations by the United Nations and the capacity and capability of the United Nations system to deliver on these projects. An advisory board will be established to assist the Secretary-General in this review of proposals. It will be composed of United Nations officials and eminent personalities.

10. Specifically, proposals will be reviewed in the light of criteria established by the Foundations such as urgency, effectiveness, innovation, forward-looking orientation and availability of funding from other sources. The board will also consider unity of focus and technical compliance with United Nations aims and objectives, taking into account the parameters established above. The Secretary-General, having received the advice of the advisory board, will decide on the projects to be recommended to the Foundations for consideration.

Project approval

11. The Secretary-General, or the Secretary-General's designated representative, will finalize submissions to be made to the Foundations for funding requests. These submissions, containing the projects proposed for implementation, will be presented to the Foundations.

12. The Foundations will review these project proposals for responsiveness to its goals and objectives. It will also analyse the technical and financial parameters of the project proposals in order to determine if value is received for money. The Secretary-General and programme managers would be available for discussion with the Foundations, which may include a discussion of the consolidated project planning documents. Based on this review, the Foundations will make the decision as to whether or not to proceed with approval of projects.

Resource allocation

13. Following the decision of the Foundations to proceed and the receipt of funds from the Foundations, the Trust Fund will be authorized to commence project execution and implementation on a timely basis, as more particularly described in the approved project documents.

14. In order to facilitate monitoring and financial oversight, the channelling of funds granted to the United Nations agencies and instrumentalities by the Foundations will be undertaken through a single point, the Trust Fund. This will provide a consolidated mechanism for receiving and distributing funds and providing the monitoring and reporting necessary to ensure effective management, coordination and financial accountability. It is noted that some projects may be executed jointly with non-United Nations partner organizations or other entities.

Project funding

15. The Secretary-General, or the Secretary-General's designated representative, will develop a quarterly rolling cash flow forecast based on the projects approved by the Foundations for implementation through the Trust Fund. This cash flow forecast will form the basis for quarterly payments by the Foundations, with the understanding that it will not exceed the annual maximum amount approved for all projects.

Monitoring and review

16. The Secretary-General will ensure that progress reports are submitted periodically but at least annually to the Foundations on the status of implementation, based on quarterly reports from the organizations and entities implementing the activities or projects funded by the Foundations, to ensure that project goals and objectives are attained. Progress reports will contain financial and substantive performance data to enable the United Nations and the Foundations to follow progress on outputs and outcomes and make recommendations for change, if necessary.

Performance reporting

17. The Secretary-General will submit to the Foundations, on a regular basis, financial and substantive performance data, including information on outputs and outcomes achieved, which will be subject to audit by the United Nations Board of Auditors, in accordance with the Financial Regulations and Rules of the United Nations.

18. The Secretary-General will regularly discuss progress with the President of the Foundations and assist them in developing appropriate annual reports.

19. The Foundations are subject to governmental and legal regulations. The Secretary-General will provide the Foundations with all information needed to meet these legal and regulatory requirements on a timely basis.

B. Letter dated 12 February 1998 from the Chairman of the Advisory Committee on Administrative and Budgetary Questions to the Secretary-General

The Advisory Committee on Administrative and Budgetary Questions has considered your letter dated 30 January 1998 together with the concept paper relating to the gift in support of United Nations causes from Mr. Ted Turner, Co-Chairman of Time Warner Inc. During its consideration of your letter, the Advisory Committee met with your representatives, who provided additional information.

The Advisory Committee notes that the gift, as pledged, is in the form of 18 million shares of Time Warner stock, which on 18 September 1997, the date of announcement, had a value of one thousand million dollars. The Advisory Committee further notes that the gift, which would be drawn upon to assist and support the United Nations in achieving its goals and objectives through programmes and projects, would represent a new and additional financial resource that would supplement the regular, assessed or voluntarily funded programmes of the United Nations. As such, the Committee understands that the Fund will not implement activities, the cost of which is assessed on Member States.

The conceptual arrangement that has been reached between the United Nations Foundation described in your letter and the United Nations is contained in the concept paper. The Advisory Committee was informed by your representatives that a relationship agreement between the Foundation and the United Nations is currently being finalized; the Committee requests that this agreement be made available to the Committee before it is signed.

The Advisory Committee notes that you plan to establish a Trust Fund entitled the United Nations International Partnership Trust Fund to channel and monitor contributions and to facilitate the solicitation, review and analysis, organization, execution, monitoring and reporting arrangements of projects.

The United Nations International Partnership Trust Fund would seek to ensure that projects to be funded were in conformity with the goals and objectives of the Agenda for Development and recent United Nations global conferences and would take full account of mechanisms such as national development plans and priorities, country strategy notes and United Nations development assistance frameworks. The Advisory Committee was assured that rules, regulations and policies of United Nations implementing agencies would be fully respected. The Foundation would indicate the range of interests it wishes to fund, which would form the basis for project proposals. An advisory board composed of United Nations officials and eminent personalities would be established for review of prospective proposals; the criteria to be applied would include intergovernmental guidelines as referred to in your letter. On advice from the advisory board you would decide on the projects to be recommended to the Foundation for consideration. In this connection, the Advisory Committee trusts that the existing arrangements within the United Nations for identification, review, approval and monitoring of projects will be fully utilized and that additional arrangements will be kept simple and cost-effective, given the fact that the Foundation would presumably also have a similar counterpart mechanism.

/...

You estimate that the central administrative costs of the Trust Fund relating to the coordination and programming functions would be approximately 1 per cent of the contributions, while the individual projects would contain project support costs. Based on the information provided to the Advisory Committee, including the preliminary staffing requirements, the Committee believes that the administrative costs may be underestimated. Each project document should clearly indicate the backstopping costs associated with the implementation of the activity concerned.

On enquiry, the Advisory Committee was informed that maintaining a standard 15 per cent operating reserve was not envisaged for the Trust Fund; the Advisory Committee therefore trusts that every effort will be made to ensure that a steady and dependable cash flow is maintained.

The Advisory Committee understands that the United Nations would bear no responsibility for funds raised by the Foundation and awarded directly to other entities (such as non-governmental organizations) instead of the Trust Fund and trusts that this fact is clearly specified in the relationship agreement to be finalized.

As indicated in your letter, the staffing would consist of an Executive Director, proposed at the Assistant Secretary-General level, one Director-level official possibly on loan from one of the United Nations agencies or programmes, six Professionals and five General Service level posts. However, on further enquiry, the Advisory Committee was informed that, with the exception of the proposed Executive Director post, the other staffing requirements were only a preliminary estimate and therefore could be finalized only after the workload had been identified. The Advisory Committee requests that it be provided with this information, including job descriptions, as early as possible, together with a complete administrative budget for the Trust Fund. Given the unique nature of the Turner gift and the mechanisms being established to administer it, the Advisory Committee requests that all subsequent administrative budgets also be submitted to it for its prior concurrence on an annual basis. The Committee requests that the budget be accompanied by appropriate information on the substantive activities of the Trust Fund.

In view of the responsibilities you envisage at this stage for the Executive Director, you believe that it is essential that the post be at a level no less than that of Assistant Secretary-General. Consequently, in preparation for start-up of the new arrangements and the establishment of the Trust Fund, the concurrence of the Advisory Committee is being sought for the post of Executive Director at the Assistant Secretary-General level. In this connection, the Advisory Committee believes that subsequent to the preparation and start-up phase and once arrangements for the establishment of the Trust Fund have been completed, the level and nature of the workload might be considerably different, in which case the need for the post at the Assistant Secretary-General level would have to be reviewed. Accordingly, the Advisory Committee concurs in your proposal for the Executive Director post at the Assistant Secretary-General level, with the proviso that this level will be subject to review for the period after 31 December 1999 in the context of the Committee's examination of the administrative budget of the Trust Fund for the year 2000.

(Signed) C. S. M. MSELLE
Chairman
